



## TEXAS DEPARTMENT OF INSURANCE

### Division of Workers' Compensation - Medical Fee Dispute Resolution (MS-48)

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## MEDICAL FEE DISPUTE RESOLUTION FINDINGS AND DECISION

### GENERAL INFORMATION

**Requestor Name**

Texas Orthopedic Hospital

**Respondent Name**

Petroleum Casualty Co

**MFDR Tracking Number**

M4-16-3582-01

**Carrier's Austin Representative**

Box Number 01

**MFDR Date Received**

August 1, 2016

### REQUESTOR'S POSITION SUMMARY

**Requestor's Position Summary:** "This claim should have been paid in accordance with 28 T.A.C. § 134.403, which states, "(1) the sum of the Medicare facility specific reimbursement amount and any applicable outlier amount shall be multiplied by (A) 200 percent..." This is the formula to be used absent certain circumstances that do not apply to the present case. Using this formula, the hospital would have been entitled to \$11,315.54 in reimbursement. The Carrier only paid \$8,618.87. Therefore, the Hospital contends an additional \$2,696.67 remains owed."

**Amount in Dispute:** \$2,696.67

### RESPONDENT'S POSITION SUMMARY

**Respondent's Position Summary:** "CorVel will maintain the requestor, Texas Orthopedic Hospital is not entitled to additional reimbursement for date of service 12/07/15 in the amount of \$2,696.67 based on DWC adopted medical outpatient hospital fee guidelines, Medicare payment policies and correct coding initiative (CCI) edits in effect at the time services were provided."

**Response Submitted by:** CorVel Healthcare Corporation

### SUMMARY OF FINDINGS

Dates of Service	Disputed Services	Amount In Dispute	Amount Due
December 7, 2015	Outpatient Hospital Services	\$2,696.67	\$33.36

### FINDINGS AND DECISION

This medical fee dispute is decided pursuant to Texas Labor Code §413.031 and applicable rules of the Texas Department of Insurance, Division of Workers' Compensation.

**Background**

1. 28 Texas Administrative Code §133.307 sets out the procedures for resolving medical fee disputes.
2. 28 Texas Administrative Code §134.403 sets out the reimbursement guidelines for services provided in

outpatient hospital services.

3. 28 Texas Administrative Code §134.203 sets out the reimbursement guidelines for durable medical equipment, prosthetics, orthotics and supplies.
4. The insurance carrier reduced payment for the disputed services with the following claim adjustment codes:
  - 234 – This procedure is not paid separately
  - R79 – CCI; Standards of Medical/Surgical Practice
  - RN – Not paid under OPPS: services included in APC rate
  - 236 – This proc or proc/mod combo not compatible w/another proc on same day
  - P14 – Payment is included in another svc/procdre occurring on same day
  - P12 – Workers' compensation State Fee Schedule Adj
  - R89 – CCI; Misuse of Column 2 code with Column 1 code
  - W3 – Appeal/Reconsideration

The services in dispute are for outpatient hospital services and are therefore subject to the requirements of 28 Texas Administrative Code 134.403 (d) which states in pertinent part, "For coding, billing, reporting, and reimbursement of health care covered in this section, Texas workers' compensation system participants shall apply Medicare payment policies in effect on the date a service is provided..." The applicable Medicare payment policy may be found at [www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HospitalOutpatientPPS](http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HospitalOutpatientPPS).

In order to calculate the correct Division fee guideline, stakeholders should be familiar with the main components in the calculation of the Medicare payment for OPPS services which are:

1. **How Payment Rates Are Set**, found at [www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/HospitalOutpaysysfctst.pdf](http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/HospitalOutpaysysfctst.pdf),  
*To account for geographic differences in input prices, the labor portion of the national unadjusted payment rate (60 percent) is further adjusted by the hospital wage index for the area where payment is being made. The remaining 40 percent is not adjusted.*
2. **Payment status indicator** - The status indicator identifies whether the service described by the HCPCS code is paid under the OPPS and if so, whether payment is made separately or packaged. The status indicator may also provide additional information about how the code is paid under the OPPS or under another payment system or fee schedule. The relevant status indicator may be found at the following: [www.cms.gov](http://www.cms.gov), Hospital Outpatient Prospective Payment – Final Rule, OPPS Addenda, Addendum D1.
3. **APC payment groups** - Each HCPCS code for which separate payment is made under the OPPS is assigned to an ambulatory payment classification (APC) group. The payment rate and coinsurance amount calculated for an APC apply to all of the services assigned to the APC. A hospital may receive a number of APC payments for the services furnished to a patient on a single day; however, multiple surgical procedures furnished on the same day are subject to discounting. The relevant payment amount for each APC may be found at: [www.cms.gov](http://www.cms.gov), Medicare/Medicare-Fee-for-Service-Payment/HospitalOutpatientPPS/Annual-Policy-Files, Addendum B. These files are updated quarterly.

### **Issues**

1. What is the applicable fee pertaining to reimbursement?
2. Are the insurance carrier's reasons for denial or reduction of payment supported?
3. Is the requestor entitled to additional reimbursement?

### **Findings**

1. 28 Texas Administrative Code §134.403 (f) states in pertinent part,

The reimbursement calculation used for establishing the MAR shall be the Medicare facility specific amount, including outlier payment amounts, determined by applying the most recently adopted and effective Medicare Outpatient Prospective Payment System (OPPS) reimbursement formula and factors as published annually in the Federal Register. The following minimal modifications shall be applied.

(1) The sum of the Medicare facility specific reimbursement amount and any applicable outlier payment amount shall be multiplied by:

(A) 200 percent;

The services in dispute are reimbursed based on the following:

Submitted code	Status Indicator	APC	Payment Rate	Unadjusted labor amount = APC payment x 60%	Geographically adjusted labor amount = unadjusted labor amount x annual wage index/0.9679	Non labor portion = APC payment rate x 40%	Medicare facility specific reimbursement (geographically adjusted labor) amount + non labor portion)	Maximum Allowable Reimbursement
29826	N							
29827	T	0042	\$4,345.55	\$4,345.55 x 60% = \$2,607.33	\$2,607.33 x 0.9679 = \$2,523.63	\$4,345.55 x 40% = \$1,738.22	\$2,523.63 + \$1,738.22 = \$4,261.85	\$4,261.85 x 200% = \$8,523.70
							Total	\$8,523.70

Procedure code L3670 has status indicator A denoting services paid under a fee schedule or payment system other than OPPS. Per 28 Texas Administrative Code §134.403(h), for outpatient services for which Medicare reimburses using fee schedules other than OPPS, reimbursement is made using the applicable Division fee guideline in effect for that service on the date the service was provided. Payment for this service is calculated according to the Medical Fee Guideline for Professional Services, §134.203(d)(1) which states in pertinent part,

The MAR for Healthcare Common Procedure Coding System (HCPCS) Level II codes A, E, J, K, and L shall be determined as follows:

(1) 125 percent of the fee listed for the code in the Medicare Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) fee schedule;

The Medicare DMEPOS fee schedule amount for this code is \$102.82 x 125% = \$128.53. This amount is recommended.

2. 28 Texas Administrative Code §134.403 (d) states in pertinent part,

For coding, billing, reporting, and reimbursement of health care covered in this section, Texas workers' compensation system participants shall apply Medicare payment policies in effect on the date a service is provided

The remaining services in dispute have been identified as follows:

- Procedure code J1170 has status indicator N denoting packaged items and services with no separate APC payment.
- Procedure code J1885 has status indicator N denoting packaged items and services with no separate APC payment.
- Procedure code J2704 has status indicator N denoting packaged items and services with no separate APC payment.
- Procedure code C1713 has status indicator N denoting packaged items and services with no separate APC payment.
- Per Medicare National Correct Coding Edits, found at [www.cms.hhs.gov](http://www.cms.hhs.gov), procedure code 29822 may not be reported with the procedure code for another service billed on this same claim. Payment for this service is included in the payment for the primary procedure. The carrier denied this line as R79 – CCI; Standards of Medical/Surgical Practice. The carrier's denial is supported.

- Per Medicare National Correct Coding Edits, found at [www.cms.hhs.gov](http://www.cms.hhs.gov), procedure code 64415 may not be reported with the procedure code for another service billed on this same claim. Payment for this service is included in the payment for the primary procedure. The carrier denied this line as R89 – CCI; Misuse of Column 2 code with Column 1 code. The carrier’s denial is supported.
  - Procedure code 29826 has status indicator N denoting packaged items and services with no separate APC payment.
  - Procedure code J0690 has status indicator N denoting packaged items and services with no separate APC payment.
  - Procedure code J1100 has status indicator N denoting packaged items and services with no separate APC payment.
  - Procedure code J2250 has status indicator N denoting packaged items and services with no separate APC payment.
  - Procedure code J2405 has status indicator N denoting packaged items and services with no separate APC payment.
  - Procedure code J3010 has status indicator N denoting packaged items and services with no separate APC payment.
3. The maximum allowable reimbursement for the services in dispute is \$8,652.23. The carrier paid \$8,618.87. The remaining balance of \$33.36 is due to the requestor.

### **Conclusion**

For the reasons stated above, the Division finds that the requestor has established that additional reimbursement is due. As a result, the amount ordered is \$33.36.

### ***ORDER***

Based on the submitted information, pursuant to Texas Labor Code Sec. 413.031 and 413.019 (if applicable), the Division has determined that the requestor is entitled to additional reimbursement for the services in dispute. The Division hereby ORDERS the respondent to remit to the requestor the amount of \$33.36, plus applicable accrued interest per 28 Texas Administrative Code §134.130 due within 30 days of receipt of this Order.

### **Authorized Signature**

_____	_____	_____ August , 2016
Signature	Medical Fee Dispute Resolution Officer	Date

### ***YOUR RIGHT TO APPEAL***

Either party to this medical fee dispute has a right to seek review of this decision in accordance with 28 Texas Administrative Code §133.307, 37 *Texas Register* 3833, applicable to disputes filed on or after June 1, 2012.

A party seeking review must submit a **Request to Schedule a Benefit Review Conference to Appeal a Medical Fee Dispute Decision** (form **DWC045M**) in accordance with the instructions on the form. The request must be received by the Division within **twenty** days of your receipt of this decision. The request may be faxed, mailed or personally delivered to the Division using the contact information listed on the form or to the field office handling the claim.

The party seeking review of the MFDR decision shall deliver a copy of the request to all other parties involved in the dispute at the same time the request is filed with the Division. **Please include a copy of the *Medical Fee Dispute Resolution Findings and Decision*** together with any other required information specified in 28 Texas Administrative Code §141.1(d).

**Si prefiere hablar con una persona en español acerca de ésta correspondencia, favor de llamar a 512-804-4812.**